

# Thrift Bulletin

Handbook: Thrift Activities  
Subject: Investment Securities  
Mortgage-Backed Securities

Sections: 220; 442  
TB 52

January 10, 1992

## Supervisory Statement of Policy on Securities Activities

**Summary:** Effective February 10, 1992, this Thrift Bulletin will adopt the statement of policy that was approved by the Federal Financial Institutions Examination Council ("FFIEC") on December 3, 1991. The attached statement of policy will supersede previous guidance for thrift institutions on these matters. OTS will amend the previous guidance to incorporate this interagency policy statement.

*For Further Information Contact:* Your Regional Office, or Policy Division, OTS - Washington, D.C.

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### General Policy

Effective February 10, 1992, the OTS will adopt the FFIEC "Statement of Policy on Securities Activities" through this Thrift Bulletin. The statement of policy will supersede OTS guidance in Thrift Bulletin 12, "Mortgage Derivative Products and Mortgage Swaps" and Thrift Bulletin 41, "Interim Guidelines for Securities Portfolio Policies and Strategies."

This new guidance addresses the selection of securities dealers, requires depository institutions to establish prudent policies and strategies for securities transactions, describes securities trading and sales practices that are unsuitable when conducted in an investment portfolio, indicates characteristics of loans held for sale or trading, and establishes a framework for identifying when certain mortgage derivative products are high-risk mortgage securities that must be reported in a "trading" or "held for sale" account.

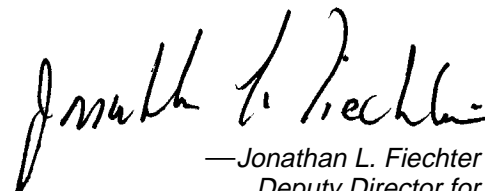
Purchases of high-risk mortgage securities prior to the effective date of

this Thrift Bulletin generally will be reviewed in accordance with previously-existing OTS supervisory policies.

Attachment I to the Thrift Bulletin contains the "Supervisory Policy Statement on Securities Activities."

Attachment II to the Thrift Bulletin contains supplementary information relative to the supervisory policy statement.

Attachments

  
—Jonathan L. Fiechter  
Deputy Director for  
Washington Operations